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# STUDY PROJECT

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BRAC,  
WHAT WILL IT COST?

BY

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United States Army

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BRAC,

WHAT WILL IT COST?

AN INDIVIDUAL STUDY PROJECT

by

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## **ABSTRACT**

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The Department of Defense is reducing its military force to adapt to changes in the strategic environment and fiscal constraints. The Army will have six fewer active divisions, which represents a 33 percent reduction. This reduction includes closing those bases and installations that are no longer needed to support the force structure. Base closure will remain an important issue in the Army's future. This study discusses the history of Base Realignment and Closure (BRAC) legislation and its impact on the Army community and a cost analysis trying to determine what base closure will cost. Fort Ord, California, is used as a model to determine if base closure and realignment is the most cost effective way to reuse our unneeded bases and installations. It is our requirement to provide land and installations so the communities we leave can enjoy and use these facilities.

## INTRODUCTION

The Department of Defense is reducing and reshaping its military forces to adapt to changes in the strategic environment and to meet the challenges and opportunities of the post-Cold War era. The reshaping of the U. S. armed forces will continue through the fiscal year 1992-1997 multi-year defense program, consistent with the world situation and the availability of resources for national defense.<sup>1</sup> The Army will have six fewer active divisions, which represents a 33 percent reduction.

The reductions in the resources available to the Department of Defense over the multi-year program are substantial. The Department of Defense is committed to strengthening defense management and streamlining the defense infrastructure to extract the greatest national security value from increasingly scarce resources. The Department of Defense must balance its force structure and its base structure, closing those bases that are no longer needed to support the force structure.<sup>2</sup> One element in achieving that balance is implementation of the Base Realignment and Closure Act.

This paper will discuss the history and events which led up to the Base Realignment and Closure Acts (BRAC). It will discuss the

BRAC congressional action and their proposed implementations. It will then do a cost analysis trying to determine what it will cost. Fort Ord, California, will be used as the model to determine if base closure and realignment is the most cost-effective way to reuse our unneeded installations.

## **BACKGROUND**

To some extent, BRAC introduces a new set of problems to the Department of Defense. The Department of Defense had little or no problem closing bases or realigning them as force structure or as missions changed routinely through the 1960's. Under the direction of President John F. Kennedy, the Secretary of Defense was able to close or realign hundreds of bases and installations.<sup>3</sup> In fact, 60 major installations were closed. Congress had not been consulted and therefore started to establish reporting requirements for base closures. During the early 1970's the situation began to change. The Department of Defense found it increasingly difficult to realign or close installations. In 1976, for the first time, the Military Construction Authorization Bill contained a provision prohibiting any base closure or reduction of more than 250 civilians employees until several conditions were met.<sup>4</sup> First, Congress had to be notified. Second, the Department of Defense had to assess the personnel and economic impacts. Third, the affected installations had to conform to the National Environmental Policy Act. Finally, the Department of Defense could take no action for

nine months. This bill was vetoed by President Gerald Ford and Congress failed to secure enough votes to override the veto. Even so, a clear trend was developing. President Jimmy Carter later approved legislation requiring the Department of Defense to notify Congress that an installation was considered for closure, prepare a economic and environmental report and wait 60 days for Congress to take action if it deemed necessary.<sup>5</sup> The legislation also required Congress approval on any closure which affected 300 or more civilian employees. Since this legislation was passed, no major installation has closed. In fact, attempts at closing bases have met with failure in the Congress. So the conflict between the Executive branch and Congress has made it impossible to close any military installation and realize the savings in the defense budget. The Reagan Administration discussed with Congress a proposal recommending base closures and The President's Private Sector Survey on Cost Control (The Grace Commission) report recommended that a non-partisan, independent commission be established to study the base closure issue.<sup>6</sup> Thus began the Base Realignment and Closure program.

#### **BASE REALIGNMENT AND CLOSURE ACTS**

Base Realignment and Closure involves four distinct phases with the mission to ensure effective and efficient execution of base realignment and closure actions in support of the Department of Defense restructuring initiatives. Each will be discussed in

detail following this brief outline. BRAC I is the first phases and is covered under Public Law 100-526. It calls to close 76 installations and realign 57 Continental United States bases. It also includes closure of 53 stand-alone housing sites. BRAC II covers 21 BRAC actions identified by Secretary of Defense on 29 January 1990. Six closures were modified in accordance with the Defense Base Closure and Realignment Act of 1990. BRAC III covers 113 Outside the Continental United States sites identified on 18 September 1990, by the Office of the Secretary of Defense. Since BRAC III only deals with overseas bases and installations, it will not be discussed in this paper. BRAC IV or BRAC 91 covered under Public Law 101-510 includes 25 installations to be closed under the provisions of the Base Closure and Realignment Act of 1991. Subsequent actions in 1993 and 1995 will determine additional installations and bases to realign or close.<sup>7</sup> They will follow the same procedures as outlined in the Base Closure and Realignment Act of 1991.

#### **BRAC I**

The Base Realignment and Closure Act was enacted into law 24 October 1988. The Secretary of Defense, Frank C. Carlucci, had stated that the Department of Defense was unable to close or realign unneeded military installations because of impediments, restrictions and delays imposed by provisions of the current law.<sup>8</sup> He further stated that the savings from closing would be



significant. The Bill (H.R. 4481) as introduced would expedite procedures under which the Secretary of Defense could close or realign all military installations recommended by a commission on base realignment and closure. The Secretary could accept the commission recommendation and would be required to report his decision along with the list of bases to be closed or realigned to Congress. The law specified that all closures and realignments would be initiated no later than 30 September 1991. All closures and realignments were to be completed no later than 30 September 1995.<sup>9</sup> Even so, no closure or realignment could be initiated before 1 January 1992.

The Secretary of Defense established his internal commission on 3 May 1988. Its requirement was to recommend military installations within the United States, its commonwealths, territories and possessions to be closed or realigned. The commission was composed of twelve members. Co-chairs were Mr. Jack Edwards, a former Congressman from Alabama and the ranking minority member of the Defense Subcommittee, and Mr. Abraham Ribicoff, former Governor of Connecticut, a Congressman and Senator.<sup>10</sup> In December the commission recommended the closure and realignment of 145 installations. Of this number, 86 were to be closed fully. Five were to be closed in part. Fifty-four were to experience some change, whether increase or decrease. The Commission estimated the realignment and closure should result in an annual savings of \$693.6 million and a 20 year savings of \$5.6

billion.<sup>11</sup>

## **BRAC II**

Congress could not agree on the 1989 list and the commission's list was put on hold in the Defense Base Closure and Realignment Act of 1990 unless the 1989 list of installations could meet certain limitations.<sup>12</sup> Department of Defense could not close or realign an installation which has 300 or more direct-hire permanent civilians authorized, nor if the realignment reduces more than 1000 or more than 50 percent the number of authorized employees. Congress also had doubts about the integrity of the Commission and the selection process claiming that it was political motivated.<sup>13</sup> So the Congress directed a new independent commission of eight members appointed by the President and confirmed by the Congress. This commission will last for six years and provide a list of installations to be closed or realigned each odd year. The Act will expire in 1995.

## **BRAC IV or BRAC 91**

The Secretary of Defense on 12 April 1991, announced 31 major domestic military bases to close with a estimated savings by 1998 of \$1.7 billion a year.<sup>14</sup> The list included seven Army bases, nine Navy bases, fourteen Air Force bases, and one Marine Corps base. This plan would affect the districts of 35 House members. Mr. Jim

Courter was appointed by the President as head of the base closure commission to recommend to the Congress the final list to approve or disapprove. The 1991 commission recommended certain bases to close and/or consolidate services where it would be more cost effective to the services and Department of Defense. This highly controversial list met with severe objection from the Congress, especially those Congressmen whose districts were effected. The final list was approved by Congress and signed by the President into law. It included four Army bases, eight Navy bases and thirteen Air Force installations, and eliminated more than 100,000 military and civilian jobs.<sup>15</sup>

The following chart shows the list of Army installations or bases to be closed or realigned under Public Law 100-526 , Public Law 101-510 and meet the limitations imposed under title 10, Section 2687 of the U. S. Code. It includes both BRAC I,II, and IV legislation.<sup>16</sup>

#### IMPLEMENTATION SCHEDULE

<u>Base or Installation</u>	<u>Start</u>	<u>Complete</u>
Pueblo Depot Activity	FY 90	FY 94
Lexington-Bluegrass Army Depot	FY 91	FY 95
Sacramento Army Depot	FY 92	FY 95
Army Material Technology Laboratory	FY 91	FY 95
Jefferson Proving Ground	FY 91	FY 95

Umatilla Depot Activity	FY 90	FY 94
AMC Other Properties	FY 90	FY 95
Fort Dix	FY 90	FY 93
Fort Ord	FY 92	FY 97
Fort Benjamin Harrison	FY 92	FY 95
Presidio of San Francisco	FY 91	FY 95
Hamilton Army Airfield	FY 91	FY 94
Fort Sheridan	FY 91	FY 94
Fort Douglas	FY 91	FY 95
Fort Meade, Fort Holabird, CIDC HQ	FY 91	FY 95
Fort Devens-Fort Huachuca	FY 91	FY 95
Fort McClellan	FY 92	FY 96
Fort Chaffee	FY 92	FY 97
Cameron Station	FY 91	FY 95
53 Stand Alone Housing Sites	FY 90	FY 93

On 26 October 1991, exactly 129 years after Colonel Patrick Conner marched 750 soldiers there from California and established a 2,500 acre camp, Fort Douglas, Utah, became the first Army post in the United States actually to close due to the Base Realignment and Closure Act.<sup>17</sup>

#### ENVIRONMENTAL IMPACT

Military commanders and their installations have historically placed more emphasis on readiness and training than on the

environment. The reliance on sovereign immunity and a general feeling that our mission priorities were more important than environmental compliance has fostered this approach. However in recent years, saving the environment has taken precedence over the operational necessities. The scope of the Federal Government's hazardous waste problem has yet to be determined. The Congressional Budget Office claims that more than 2,300 federal facilities handle hazardous waste or contain hazardous contamination.<sup>18</sup> Also more than 7,100 formerly federal properties may incur known hazardous waste contamination liabilities. By itself, the DoD has over 14,400 known hazardous waste sites.<sup>19</sup> So, what will it cost to turn over to the public 25 installations of the Federal government clean of environmental pollution? Whatever the final figure, it will be very expensive. The 1992 appropriations had many costs associated for base closure. The Military Construction account requested \$773,600 for base realignment and closure in 1992. The Operation and Maintenance account requested \$1,251,900 for environmental restoration.<sup>20</sup>

Covering cost of cleanup poses some problems, itself. The Defense Department had proposed that the selling of the federal installations would more than cover the cost of restoration. However, recent Senate action gave local governments the installations, free of charge. This left the Department of Defense facing the question of financing the clean-up. The Bush administration was opposed to this action and said that it would

cost the Pentagon an additional \$1.8 billion. As late as 23 January 1992 President Bush asked Congress for an immediate \$1 billion beyond the \$2.7 billion already included in the FY92 military budget to cover base cleanup.<sup>21</sup>

#### **FORT ORD**

Fort Ord, California was selected as one of the bases to close. The government purchased Gigling Reservation in 1917 and later expanded and renamed the area Fort Ord.<sup>22</sup> The fort is located approximately 10 miles north of Monterey, California, and 120 miles southeast of San Francisco. The reservation extends over seven-and-a-half miles along State Highway 1 with the communities of Marina on the north boundary and Seaside and Del Rey Oaks on the South boundary.

Fort Ord contains about 28,500 acres extending several miles inland from Monterey Bay. Approximately 21,840 acres are for maneuver and training areas. There is about 18.5 million square feet of facilities on the installation of which 78 percent are permanent facilities. There are 6,358 family housing units on Fort Ord, of which 508 are third-party housing. The work force at Fort Ord is comprised of approximately 14,359 military and 3797 civilians.<sup>23</sup>

The major tenants on Fort Ord are the 7th Infantry Division,

non-divisional units, and Silas B. Hays Army Hospital. This hospital is a 450 bed full service hospital providing health care for the surrounding military community, and area health care and support to the fourteen surrounding counties of California.<sup>24</sup> Other tenants reside on Fort Ord to provide support to the 7th Infantry Division and its non-divisional units. Fort Ord is also the parent installation of the Presidio of Monterey (eight miles south) and Fort Hunter Liggett (80 miles south). The fort also serves as a processing and training center in the event of a major mobilization.

The Fort provides administrative and logistics support to other defense installations in the area. The Presidio of Monterey, Fort Hunter Liggett, and Reserve Component units are in the Fort Ord area of responsibility.<sup>25</sup> It supports the training and testing facilities located at Fort Hunter Liggett. The Presidio at Monterey also draws upon the post for operations, maintenance, and logistic support, primarily for the students and staff of the Defense Language Institute (DLI). Fort Ord provides similar assistance to the faculty and staff of the Naval Postgraduate School and the Coast Guard Station in Monterey.<sup>26</sup> The Silas B. Hays hospital supports health clinics located at each of these installations.

All active duty and retired military and their dependents who reside in the Monterey Area are eligible to use most of the

facilities on the post. These include the post exchange, commissary, library, chapel, and various recreation facilities. Approximately 44,000 active duty personnel and their families, and almost 45,000 retirees and their dependents are eligible to use these facilities.<sup>27</sup>

#### **PLAN FOR CLOSURE AND RELOCATION OF THE 7TH ID (LIGHT)**

The closure of Fort Ord will involve relocation of the 7th Infantry Division (Light) and several of its non-divisional support units to Fort Lewis, Washington. Other non-divisional support units will inactivate. Several other activities will be relocated to support workload requirements at other installations. Presently, Silas B. Hays Army Hospital will inactivate.<sup>28</sup> Some of the hospital's manpower will be redistributed to support increased work load at other locations; however, most of its spaces will be eliminated.

An enclave of approximately 2,290 acres is proposed to be established from a specified portion of Fort Ord to continue providing the support to the Presidio of Monterey, Fort Hunter Liggett, and Reserve Component units in the area. This enclave will be called the Presidio of Monterey (POM) Annex and, upon closure of Fort Ord, will be transferred to the U.S. Army Training and Doctrine Command (TRADOC).<sup>29</sup>



## **COST DATA**

The costs to be discussed will be divided into four different sections. First is the direct cost or overhead cost to run a installation. Any cost which can be tied to the upkeep and maintenance is grouped in this area. The second cost involves movement and realignment, which includes any cost associated with the change or deletion of mission of Fort Ord. The third is cost to the community and surrounding area. These costs are not as quantifiable as the others, but must be examined as to the economic impact to the area. Fourth is environmental costs associated with cleaning up the installation. Although, this cost was not a factor in determining which post or installation to close, all land and real property must meet Environmental Protection Agency (EPA) rules and requirements before being made available to transfer to other federal or state or local governments or for sale to the general public.<sup>30</sup>

### **COST OF CLOSING FORT ORD**

#### **OVERHEAD**

The overhead cost for the running of the Fort Ord Complex is based on FY91 data.<sup>31</sup> It is broken down into four cost accounts and includes all of the installations that Fort Ord supports, including the Presido of Monterey and the Hunter Liggett training area. These costs will be separated to show costs that will continued once the 7th Infantry Division moves to Fort Lewis.

Fort Ord Overhead Cost  
X \$1,000

Civilian Pay	TDY	Transportation	Rent/ Contracts	Supplies and Equipment
\$48,863	\$1,341	\$1,341	\$53,680	\$10,041
Total cost per year for the Fort Ord Complex <u>\$115,226</u>				

Cost after 7th Infantry Division moves

Civilian Pay	TDY	Transportation	Rent/ Contracts	Supplies and Equipment
\$36,660	\$396	\$125	\$27,619	\$5,459

Also a cost of \$2.9 million is proposed for renovation and conversion of facilities within the Annex to provide the additional support currently recommended.

Total cost per year after relocation of the 7th Infantry Division  
\$70.6129

Savings per year \$44.607

MOVEMENT OF THE DIVISION

The movement of the 7th Infantry Division is a one-time cost and is broken down by year and installation directorates.<sup>32</sup> Individual Permanent Change of Station (PCS) cost and individual transportation cost are a sunken cost as normal PCS throughout the time period will absorb this cost.

FORT ORD BASE REALIGNMENT AND CLOSURE

ONE-TIME COST DATA SUMMARY

x \$1,000

ACTIVITY	FY92	FY93	FY94	FY95	FY96	FY97
DPTM	67	117	286	59		
DOIM		852	129	352		
DPCA				248		
LEC				104		
DRM				150		
DEH	475	70	12,418	18,882*	11,700	11,700
DOC		80	85	47	49	
DOL		344	2,089	1,419	1,320	1,320
G-1			80	50		
<hr/>						
TOTALS	542	1,463	15,087	21,311	13,069	13,020
TOTAL COST	<u>\$64,492</u>					

\* This includes the renovation and movement cost of the Presido of Monterey Annex

ECONOMIC IMPACT

Closing Fort Ord will have a significant immediate impact on the economy of the region, particularly on 35,323 active duty military and civilians and their dependents who are assigned to the area and depend upon the post for their livelihood. The civilian employees will become unemployed unless they are able to relocate

to another civil service job. The population of Fort Ord including dependents constitutes about 15.8 percent of the population of the surrounding counties.<sup>33</sup> Unless replaced, their loss would cause quite a serious economic impact. Fort Ord generates approximately \$558.4 million in wages and salaries earned in Monterey County.<sup>34</sup> Of this the region could lose about \$295 million in direct retail sales. If the post were to be used as a university campus, as proposed by the San Jose University, the associated faculty, administration, labor force and student population could offset this loss. Also offsetting would be the active duty and retired military personnel who remained in the area and formerly purchased at Fort Ord. They now would shift their spending to the local economy. The many jobs presently held by military dependents would become available to the local economy.

Closing of Fort Ord will have a major effect on the health care available to active duty and retired military personnel and their dependents who remain in the region. About 30,500 active duty and retired military personnel and their dependents of the county's population will lose access to the region's largest full-service medical facility. They would have to rely, instead, on four clinics located in the local area that provide only limited health care service. The nearest full-service military hospital is about two hours away. The only other alternative is to use the local public and private hospitals in the area. The Army estimates that if the Silas B. Hays Army Hospital is closed the resulting

increase in Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) cost could reach about \$25 million per year.<sup>35</sup>

#### ENVIRONMENTAL COST

Due to soil and ground water contamination, Fort Ord was included on the National Priority List as a Superfund Cleanup Site in 1989. As a result, in November 1990, the installation entered into a Federal Facility Agreement (FFA) to facilitate cleanup of the contamination. The FFA is a legally binding agreement between the U.S. Environmental Protection Agency (EPA), the California Department of Health Services (DHS), the California Regional Water Quality Control Board (RWQCB), and the Army.<sup>36</sup> All land at Fort Ord is currently defined as the Superfund Site. The entire post must be investigated in accordance with the FFA. This task will be accomplished by a base-wide Remedial Investigation/Feasibility Study (RI/FS). The post is divided into 20 study areas that will be investigated for soil and groundwater contamination. The RI/FS is scheduled to be completed in the 1st quarter of 1997. The initial cost estimate is \$60 million for total clean up of Fort Ord. Other estimates range from \$120 million to \$380 million.<sup>37</sup>

Other factors are not included in this estimate. For example ranges and impact areas are now only surface clean. With Fort Ord's closing, the ranges and impact areas will have to be cleared of all unexploded ordnance, both surface and subsurface, prior to sale. Under existing law, no part of the land will be released,

excessed, and transferred or sold until it is clean or free from hazardous contamination.<sup>38</sup> This requirement could extend closure indefinitely, not to mention the cost involved.

#### SUMMARY

Does the Army have any recourse in base closure? At this point I think not. Is there a better way to utilize or give up our installations and save the government money? Let's review the following areas, with Fort Ord a case in point. With the cost data presented the annual savings for overhead cost is \$44 million. With the movement of the Division costing \$64.5 million, CHAMPUS costing \$25 million per year and the environmental clean-up cost of \$300 million the first year savings could be realized would be 2015. Environmental restoration alone is estimated to take until 2008. Others seem to think that we have only hit the tip of the iceberg, and there is no accurate estimate when the land will be available for sale.<sup>39</sup> If sale of property to the private sector would recoup some of the cost, they are the last to be considered. The priority of available land is to other federal agencies, first; state and local government, second; and private sale, at market value, last.

Although economic costs are presented as a estimate and are not an expense to the Army, these costs will be absorbed in some form by the federal government. In the longer term, the impact of

closing a base on the unemployment level will depend on the timing and nature of the reuse of the post. Although some communities have experienced a net loss of jobs when a base closed, most eventually experienced a net increase in employment. In a review of 100 community assistance programs to locales affected by base closures, DoD reported that 138,138 civilian jobs replaced the loss of 93,424 jobs during the period, 1961-1986.<sup>40</sup> A 1990 Wharton School study, conducted by Professor Lawrence R. Klein, shows over a period of 29 years, there was a record of success in converting military bases to civilian use.<sup>41</sup>

We must not fool ourselves that this is a break-even or money-making operations. The purpose is to give back to the public installations and bases the Department of Defense no longer needs. It is our requirement to provide hazard-free land and installations so that the community we leave will be able to enjoy and use the facilities. This is the only possible way we can convince Congress to proceed down the most cost-efficient and effective path. In the long run the area will survive. Even so, recovery will be long and environmental clean-up will prolong the turnover. It will take much time and patience.





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23. Ibid.

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26. "Closure Package", p. 3.

27. Ibid.

28. "Closure Package", p. i.

29. "Closure Package", p. ii.

30. "Commission's Report", p. 23.

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33. Rick Maze, "Peace dividend may be paid by the people. At Fort Ord, A Lesson in Lost Jobs, Federal Support" Army Times, 2 March 1992, p. 4.

34. CBO Report, p. 4.

35. CBO Report, p. 8.

36. Howard K. Stark, "Fort Ord Superfund Clean-up Program", Fort Ord, Ca.: Department of the Army, Headquarters 7th ID (L) and Fort Ord (AFZW-DE-P (200-1)), 26 June 1991, p. 1. (hereafter referred to as Fact Sheet)

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